

THETA EDGE BERHAD

[199301005265 (260002-W)]

(Incorporated in Malaysia)

QUARTERLY REPORT

SUMMARY OF KEY UNAUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Individual Period			Changes (%)	Cumulative Period		
	Current Year Quarter 31/03/2022 RM'000	Preceding Year Corresponding Quarter 31/03/2021 RM'000			Current Year To-date 31/03/2022 RM'000	Preceding Year Corresponding Period 31/03/2021 RM'000	Changes (%)
1. Revenue	11,783	12,697	-7%	11,783	12,697	-7%	
2. Gross Profit	6,088	1,959	>100%	6,088	1,959	>100%	
3. Profit/(Loss) before taxation	2,735	(623)	>-100%	2,735	(623)	>-100%	
4. Profit/(Loss) after taxation	2,735	(623)	>-100%	2,735	(623)	>-100%	
5. Profit/(Loss) for the period	2,735	(623)	>-100%	2,735	(623)	>-100%	
6. Profit/(Loss) attributable to owners of the Company	2,735	(623)	>-100%	2,735	(623)	>-100%	
7. Profit/(Loss) per share (sen)	2.55	(0.58)	>-100%	2.55	(0.58)	>-100%	
8. Proposed/Declared dividend per share (sen)	-	-		-	-		

	As At End Of Current Financial Year End RM	As At Preceding Financial Year End RM	Changes %
9. Net assets per share attributable to owners of the Company	0.56	0.54	4%

Additional Information

	Individual Period			Changes (%)	Cumulative Period		
	Current Year Quarter 31/03/2022 RM'000	Preceding Year Corresponding Quarter 31/03/2021 RM'000			Current Year To-date 31/03/2022 RM'000	Preceding Year Corresponding Period 31/03/2021 RM'000	Changes (%)
1. Gross Finance income	285	192	48%	285	192	48%	
2. Gross Finance costs	531	158	>100%	531	158	>100%	

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(Incorporated in Malaysia)

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UNAUDITED CONDENSED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/2022 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2021 RM'000	Current Year Period Ended 31/03/2022 RM'000	Preceding Year Corresponding Period Ended 31/03/2021 RM'000
Revenue	11,783	12,697	11,783	12,697
Cost of sales	(5,695)	(10,738)	(5,695)	(10,738)
Gross Profit	6,088	1,959	6,088	1,959
Other operating income	38	265	38	265
Operating expenses	(2,819)	(2,431)	(2,819)	(2,431)
Profit/(Loss) from operations	3,307	(207)	3,307	(207)
Finance income	285	192	285	192
Depreciation	(326)	(450)	(326)	(450)
Finance costs	(531)	(158)	(531)	(158)
Profit/(Loss) before taxation	2,735	(623)	2,735	(623)
Taxation	-	-	-	-
Zakat	-	-	-	-
Profit/(Loss) for the period	2,735	(623)	2,735	(623)
Total comprehensive profit/(loss) for the period	2,735	(623)	2,735	(623)
Profit/(Loss) attributable to :				
Owners of the Company	2,735	(623)	2,735	(623)
Non-controlling interest	-	-	-	-
Profit/(Loss) for the period	2,735	(623)	2,735	(623)
Total comprehensive profit/(loss) attributable to:				
Owners of the Company	2,735	(623)	2,735	(623)
Non-controlling interest	-	-	-	-
Total comprehensive profit/(loss) for the period	2,735	(623)	2,735	(623)
Profit/(Loss) per ordinary share (sen)				
Basic	2.55	(0.58)	2.55	(0.58)
Diluted	-	-	-	-

The unaudited condensed Statements of Profit & Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2021.

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(Incorporated in Malaysia)

QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Unaudited As At 31/03/2022 RM'000	Audited As At 31/12/2021 RM'000
ASSETS		
Non-current assets		
Plant and equipment	1,482	1,623
Right-of-use assets	1,353	1,529
Trade Receivable	16,665	16,665
	19,500	19,817
Current assets		
Inventories	87	46
Trade and other receivables	38,472	15,124
Contract assets	16,075	14,858
Contract costs	882	275
Cash and cash equivalents	38,495	50,000
	94,011	80,303
Total assets	113,511	100,120
EQUITY		
Share capital	107,243	107,243
Reserves	(46,898)	(49,633)
Equity attributable to owners of the Company	60,345	57,610
LIABILITIES		
Current liabilities		
Lease Liabilities	698	704
Hire Purchase	4,430	4,430
Trade and other payables	16,275	20,861
Contract liabilities	17,513	984
	38,916	26,979
Non Current liabilities		
Lease Liabilities	748	921
Hire Purchase	13,502	14,610
	14,250	15,531
Total liabilities	53,166	42,510
Total equity and liabilities	113,511	100,120

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2021

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QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	<u>Attributable to the owners of the Company</u>		
	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
<u>3 months ended 31 March 2021</u>			
At 1 January 2021 (audited)	107,243	(44,837)	62,406
Comprehensive loss for the financial period	-	(623)	(623)
	<hr/>	<hr/>	<hr/>
At 31 March 2021 (unaudited)	<u>107,243</u>	<u>(45,460)</u>	<u>61,783</u>
<u>3 months ended 31 March 2022</u>			
At 1 January 2022 (audited)	107,243	(49,633)	57,610
Comprehensive profit for the financial period	-	2,735	2,735
	<hr/>	<hr/>	<hr/>
At 31 March 2022 (unaudited)	<u>107,243</u>	<u>(46,898)</u>	<u>60,345</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2021.

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QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000
Cash flow from operating activities		
Net profit/(loss) before taxation	2,735	(623)
Adjustments for:		
Depreciation of plant and equipment	150	246
Depreciation of right-of-use assets	176	204
Finance costs paid	515	130
Finance cost on lease liabilities	16	28
Finance income received	(111)	(170)
Finance income from lease	(174)	(22)
Bad debts recovered	-	(50)
Gain on disposal of Plant and equipment	-	(1)
Operating profit/(loss) before working capital changes	3,307	(258)
Movements in working capital		
Inventories/Contract costs	(41)	1,038
Receivables	(25,007)	3,353
Payables	11,943	(1,858)
Cash flow (used in)/from operations	(9,798)	2,275
Income tax paid	-	(10)
Finance costs paid	(515)	(130)
Finance income received	111	170
Net cash flow (used in)/from operating activities	(10,202)	2,305
Cash flow used in investing activities		
Purchase of plant and equipment	-	(324)
	-	(324)
Cash flow used in financing activities		
Hire purchase	(1,108)	(148)
Lease liabilities	(195)	(220)
Pledged deposits	(16,426)	(33)
	(17,729)	(401)
Net movement in cash and cash equivalents	(27,931)	1,580
Cash and cash equivalents at beginning of financial period	46,423	38,904
Cash and cash equivalents at end of financial period	18,492	40,484
Cash and cash equivalents consist of:		
Deposits, cash & bank balances	38,495	43,172
Less : Pledged deposits	(20,003)	(2,688)
Cash and cash equivalents	18,492	40,484

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2021.

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QUARTERLY REPORT

(A) BASIS OF PREPARATION

A.1 Basis of preparation and significant accounting policies

The interim unaudited financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021.

The accounting policies adopted in the preparation of the Condensed Consolidated Interim financial statements are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 December 2021 except for the following:

Amendments and Annual Improvements to Standards effective for financial periods beginning on or after 1 January 2022:

Amendments to MFRS 4	Insurance contracts: Interest Rate Benchmark Reform—Phase 2
Amendments to MFRS 7	Financial Instrument: Disclosures - Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 9	Financial Instrument: Disclosures - Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 16	Leases: Disclosures - Interest Rate Benchmark Reform Phase 2 and Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement: Disclosures - Interest Rate Benchmark Reform Phase 2

The above pronouncements are either not relevant or do not have any material impact on the interim financial statements of the Company upon their initial application. The Company has adopted the relevant standards from 1 January 2022 with practical expedients permitted under the standards.

A.2 Report on the Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2021 was not qualified.

A.3 Seasonality and cyclicity of operations

The Group's business operations were not materially affected by any seasonal or cyclical factors.

A.4 Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter under review and financial year to date.

A.5 Changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter and financial year to date.

A.6 Debt and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year to date.

A.7 Dividends

No dividends have been declared and paid during the current quarter and financial year to date.

A.8 Segmental information

	Current Year to Date 31/03/2022			Preceding Year Corresponding Period 31/03/2021		
	Information Technology RM'000	Telco Services RM'000	Total RM'000	Information Technology RM'000	Telco Services RM'000	Total RM'000
Revenue	5,006	6,777	11,783	11,241	1,456	12,697
Gross profit / (loss)	1,540	4,547	6,088	2,964	(1,005)	1,959
Other operating income			38			265
Operating expenses			(2,819)			(2,431)
Profit/(Loss) from operations			3,307			(207)
Finance income			285			192
Depreciation			(326)			(450)
Finance cost			(531)			(158)
Profit/(Loss) before taxation			2,735			(623)

Geographical reporting is not presented as the operations of the Group are in Malaysia.

A.9 Valuation of property, plant and equipment

The valuations of plant and equipment have been brought forward without amendment from the previous financial statements ended 31 December 2021.

A.10 Subsequent events

There were no material events subsequent to the end of the current quarter.

A.11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year to date.

A.12 Changes in contingent liabilities and contingent assets

(A) There were no contingent assets for the current quarter and financial year to date.

(B) The changes in the Group's contingent liabilities are as follows:

- (i) Bank guarantees issued mainly to trade customers increased from RM8,220,360 to RM23,734,413 during the current quarter.

A.13 Material Litigations

There were no material litigations during the current quarter and financial year to date.

A.14 Capital Commitments

There were no major capital commitments as at the date of this report.

A.15 Related party transactions

The related party transactions of the Group are recurrent in nature and had been entered into in the ordinary course of business. Below are the significant transactions and balances with related parties of the Group during the current financial period.

Related Parties	Transactions	Transactions for the year ended 31 March 2022 RM '000	Balance due from as at 31 March 2022 RM '000
Lembaga Tabung Haji	Various ICT services	1,428	711
TH Properties Sdn Bhd	ICT Equipment rental & services	12	-
		1,440	711

A.16 Financial instruments and fair value measurements

The carrying amounts of cash and cash equivalents, receivables and payables reasonably approximate fair values due to the relatively short-term nature of these financial instruments as at the end of the current year to date other than the below:

Group	Fair value of financial instruments not carried at fair value as at 31/03/2022				Total fair value 31/03/2022 RM'000	Carrying amount 31/03/2022 RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<u>Financial liabilities</u>						
Hire Purchase			20,822	20,822	20,822	17,932
	-	-	20,822	20,822	20,822	17,932

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(B) EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B.1 Review of performance

	Individual Period		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter 31/03/2022 RM'000	Preceding Year Corresponding Quarter 31/03/2021 RM'000		Current Year To date 31/03/2022 RM'000	Preceding Year Corresponding Period 31/03/2021 RM'000	
Revenue	11,783	12,697	-7.2%	11,783	12,697	-7.2%
Profit/(Loss) from Operations	3,307	(207)	>100%	3,307	(207)	>100%
Profit/(Loss) Before Finance cost and Taxation	3,266	(465)	>100%	3,266	(465)	>100%
Profit/(Loss) Before Taxation	2,735	(623)	>100%	2,735	(623)	>100%
Profit/(Loss) After Taxation	2,735	(623)	>100%	2,735	(623)	>100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,735	(623)	>100%	2,735	(623)	>100%

Three (3) months ended 31 March 2022

The Group reported revenue of RM11.8 million as of 31 March 2022 as compared to RM12.7 million in the same corresponding period last year, mainly due to the absence of one-off trading supply of equipment to a customer amounting to RM6.0 million, which was recorded last year. Additionally, the Group has partially recognised revenue from the JENDELA project, which was awarded to the Group in the current reporting period.

The Group's profit before taxation stood at RM2.7 million in contrast to loss before taxation of RM0.6 million recorded in the same corresponding period last year, mainly attributable to higher revenue recorded by Telco Services and lower operating costs, partly as a result of the Voluntary Separation Scheme ("VSS") exercise.

Information Technology

Information Technology's revenue represented 42.5% of the total Group's revenue. The revenue for this segment decreased from RM11.2 million to RM5.0 million for the current period due one-off trading for supply of equipment to Ministry of Defence Malaysia (MINDEF) that was recorded in the previous year.

Telecommunication Services (Telco Services)

The revenue contribution from this segment increased from RM1.5 million to RM6.8 million due to partial materialisation of JENDELA project and other existing contracts.

B.2 Material changes in quarterly results

	Individual Current Quarter 31/03/2022 RM '000	Immediate Preceding Quarter 31/12/2021 RM '000	Changes (%)
Revenue	11,783	28,768	-59%
Gross profit	6,088	4,453	37%
Profit/(Loss) from operations	3,307	(3,208)	>100%
Profit/(Loss) before Finance cost and Taxation	3,266	(3,174)	>100%
Profit/(Loss) Before Taxation	2,735	(3,445)	>100%
Profit/(Loss) After Taxation	2,735	(3,941)	>100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	2,735	(3,941)	>100%

The higher revenue of RM28.8 million in the immediate preceding quarter was mainly contributed from one-off trading supply of computers for Yayasan Hasanah.

B.3 Prospects

The Group is positive on the growth prospect of its business segments for FY2022 in line with the economic recovery. Telco Services segment is expected to continue its growth momentum in line with the JENDELA's positive developments and leveraging on Group's appointment as the current trusted partner and the designated universal service provider for the provision and implementation of the Jalinan Digital Nasional (JENDELA) Phase 1 Project. With the prospect of JENDELA Phase 2, Telco Service is well positioned to capitalise on this opportunity. In the medium to long run, the Group aspires to position itself as a strategic player within the national digital enhancement and national rollout of the 5G network market, estimated to potentially be worth of RM21.0 billion.

For the Information Technology (IT) segment, the Group is committed to delivering its current projects within the allocated time and costs. Additionally, IT segment remains proactive in seeking new projects as part of the strategies to increase Group's project pipeline. Moving forward, the business unit intends to diversify and expand its clientele base and realising its digital competencies within government services as well as pursuing sustainable and recurring revenue model through its current strategic initiatives under the transformation program.

The Group has embarked on a transformation program to transform into a high performing culture organisation. Strategic initiatives identified under the transformation include, amongst others, group-wide cost optimisation, strategic partnerships, enhancing competencies, supply chain management and implementation of best practices for operational policies and procedures to strengthen corporate governance as well as transparency to the key stakeholders.

B.4 Statement of the Board of Directors' opinion on financial estimates, forecasts, projections, internal targets or profit guarantees

The Group did not previously announce, disclose or publish any financial estimate, forecast, projection, internal targets or profit guarantee in a public document.

B.5 Profit/(Loss) before taxation

The following amounts have been included in arriving at loss before taxation:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2022 RM'000	Preceding Year Corresponding Quarter 31/03/2021 RM'000	Current Year To Date 31/03/2022 RM'000	Preceding Year Corresponding Period 31/03/2021 RM'000
Short term investment income	111	170	111	170
Finance income from lease receivables	174	22	174	22
Finance cost	515	130	515	130
Finance cost from Right-of-Use assets	16	28	16	28
Depreciation	150	246	150	246
Depreciation from Right-of-Use assets	176	204	176	204
Provision for Voluntary Separation Scheme for staff	-	-	-	-
Amortisation/write off of development cost	-	-	-	-
Allowance for doubtful receivables	-	-	-	-
Write off /(recovery) of bad receivables	-	(50)	-	(50)
Allowance/(writeback) for obsolete inventories	-	-	-	-
Derecognition of deferred taxation asset	-	-	-	-
Allowance for impairment of plant and machineries	-	-	-	-

B.6 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2022 RM'000	Preceding Year Corresponding Quarter 31/03/2021 RM'000	Current Year To Date 31/03/2022 RM'000	Preceding Year Corresponding Period 31/03/2021 RM'000
Current year income tax	-	-	-	-
Under/(over) provision for previous period	-	-	-	-
Derecognition of deferred taxation asset	-	-	-	-
	-	-	-	-

B.7 Sale of unquoted investments and/or properties

The Group was not involved in any sale of unquoted investments and/or properties during the current quarter.

B.8 Quoted securities

There were no quoted securities held by the Group.

B.9 Status of Corporate Proposals

Private Placement

On 25 February 2022, the Company proposed to undertake a private placement of up to 10,724,300 new ordinary shares in the Company, representing up to approximately 10% of the total number of issued shares of the Company (excluding treasury shares) ("Private Placement").

On 25 April 2022, 10,724,300 Placement Shares have been allotted to third party investors at an issue price of RM0.725 with gross proceeds of RM7,775,117.50 raised by the Company.

As at the date of this report, the status of utilisation of proceeds from the Private Placement is as below:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe	Utilisation %	Explanation
Expenses relating to the Private Placement	300	232	Immediate	77%	Completed. Excess will be utilised as working capital
Working capital requirements	7,475	821	12 months	11%	In progress
Total	7,775	1,053		14%	

B.10 Group borrowings

Details of the Group's borrowing as at the end of the reporting period are as follows:

Cumulative Quarter - 31/03/2022 (Amount in RM'000)			
	Long term	Short term	Total Borrowing
Unsecured			
Hire Purchase	13,502	4,430	17,932
Total	13,502	4,430	17,932

Preceding Year Cumulative Quarter - 31/03/2021 (Amount in RM'000)			
	Long term	Short term	Total Borrowing
Unsecured			
Hire Purchase	1,619	592	2,211
Total	1,619	592	2,211

The fixed rate of borrowings as at 31 March 2022 is from 3.03% to 3.38% (31 March 2021: 3.03%-3.38%).

All the borrowings are denominated in Ringgit Malaysia and are guaranteed by the Company.

B.11 Lease liabilities

Details of the Group's lease liabilities as at the end of the reporting period are as follows:

Cumulative Quarter - 31/03/2022 (Amount in RM'000)			
	Long term	Short term	Total Lease liabilities
Lease Liabilities	748	698	1,446
Total	748	698	1,446

Preceding Year Cumulative Quarter -31/03/2021 (Amount in RM'000)			
	Long term	Short term	Total lease liabilities
Lease Liabilities	1,640	804	2,444
Total	1,640	804	2,444

The lease liabilities relate to the lease of office units and warehouses. The implicit interest rate of lease as at 31 March 2022 was assumed at 4.2% per annum (31 March 2021: 4.2%)

B.12 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 24 May 2022, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.13 Changes in material litigations

There were no changes in material litigations as at 24 May 2022, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.14 Dividends

No dividends have been paid, declared or proposed since the end of the Company's previous financial year. The Directors do not recommend any interim dividend for the period under review.

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B.15 Earning/(Loss) per share

The basic loss per share for the quarter and year to date ended 31 March 2022 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2022	Preceding Year Corresponding Quarter 31/03/2021	Current Year To Date 31/03/2022	Preceding Year Corresponding Period 31/03/2021
Net profit/(loss) (RM'000)	2,735	(623)	2,735	(623)
No of ordinary shares in issue ('000)	107,243	107,243	107,243	107,243
Weighted average number of ordinary shares in issue ('000)	107,243	107,243	107,243	107,243
Basic EPS /(LPS) (sen)	2.55	(0.58)	2.55	(0.58)
Diluted EPS /(LPS) (sen)	N/A	N/A	N/A	N/A

Diluted LPS is not computed as there are no outstanding share options or instruments that will dilute the basic loss per share.

B.16 Derivatives

There are no derivatives outstanding as at the end of the current financial year to date.

B.17 Fair value changes of financial liabilities

There are no fair value changes of financial liabilities as at the end of the current financial year to date except for the below.

	Lease Liabilities		Hire Purchase		Balance as at 31 March 2022	
	Carrying Amount RM'000	Total Fair Value RM'000	Carrying Amount RM'000	Total Fair Value RM'000	Carrying Amount RM'000	Total Fair Value RM'000
Balance at 01/1/2022	1,897	2,002	19,040	22,107	20,937	24,109
Addition	-	-	-	-	-	-
Repayment/derecognition	(451)	(466)	(1,108)	(1,285)	(1,559)	(1,285)
Balance as at 31/03/2022	1,446	1,536	17,932	20,822	19,378	22,824

B.18 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2022.